

Larry Hogan, *Governor*Boyd K. Rutherford, *Lt. Governor*Mary Beth Tung, *Director*

Funding Opportunity Announcement Low-to-Moderate Income Energy Efficiency Fiscal Year 2022 Grant Program

Program Description: Available to nonprofit organizations and local governments, the Maryland Energy Administration's (MEA) Low-to-Moderate Income Grant Program (Program) will again be offered competitively on a regional basis for State fiscal year 2022 (FY22). With a budget of \$6.5 million, the program is designed to support energy efficiency projects and activities for low-to-moderate income (LMI) Marylanders.

Additional Complementary <u>FY22 Program</u>: MEA is also piloting a separate competitive <u>Low Income Solar Pilot Program</u> for the installation of photovoltaic (PV) solar systems on weatherized and eligible low-income housing by nonprofit organizations and local governments. This pilot program has a standalone budget of \$500,000. There is a separate application for the Low-Income Solar Pilot Program. Please see the <u>Low-Income Solar Grant Program Application and Instructions</u> to learn eligibility for projects proposed by nonprofit organizations and local governments that provide solar renewable energy generation on low-income Maryland homes.

Program Type: Competitive, with awards made competitively within each region

Application Deadline: Monday, November 1, 2021 by 11:59 PM EDT

Overall Program Budget: \$6.5M anticipated being available in FY22

Regional allocations: To ensure an equitable distribution across the State, Program funds are first allocated to each Maryland region based on the number of LMI households located within the respective region. Grants will then be awarded competitively within the applicant pool for each region. Applicants wishing to apply for grants in multiple regions must submit a separate grant application for each region.

The map below shows each region's anticipated allocation of funds, which together totals \$6.5 million for FY22.

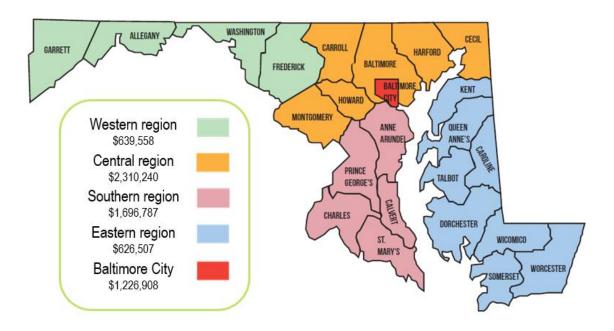


Figure 1: Estimated Distribution of FY22 Funding

Eligible Applicants: The following types of entities, that run, or will run, a program serving low- or moderate-income Maryland residents are eligible to receive funding:

- Local governments (counties and/or municipalities)
- Incorporated non-profit organizations

Low- and Moderate-Income Limits

For the purposes of the FY22 Program application, low- and moderate-income households are defined as:

- Low Income household at or below 175% of the federal poverty level¹
- Moderate Income household greater than 175% of the federal poverty level, but at or below 85% of median income by county

Income limits for moderate income households are determined based on the county in which a project is located. The income limits for "moderate income" households for calendar year 2020 can be found on the Maryland Department of Housing and Community Development (DHCD) website.²

¹ Please note, low-income households are being defined differently in fiscal year 2022. The definition of a low-income household has been updated to be consistent with the definition specified in §9–20B–05 of the State Government Article.

² https://dhcd.maryland.gov/HousingDevelopment/Documents/prhp/2020_MD_Income_Limits.pdf

Income eligibility limits for "low income" households, which is now defined as 175% of the federal poverty level, can be found in the table below.

Low Income Eligibility Limits ³ for Program Year FY22 (Based on 175% of the Federal Poverty Level)		
Household Size	Maximum Gross Monthly Income Standards	Maximum Gross Yearly Income Standards
1	\$1,878	\$22,536
2	\$2,540	\$30,480
3	\$3,203	\$38,436
4	\$3,865	\$46,380
5	\$4,527	\$54,324
6	\$5,189	\$62,268
7	\$5,851	\$70,212
8	\$6,513	\$78,156
For Each Additional Person, Add	\$662	\$7,944

Eligible Activities:

MEA Low-to-Moderate Income Grant Program funding must be used for <u>energy efficiency</u> measures, including the purchase and installation of building materials and/or equipment.

A limited amount of grant funding may be requested for the costs of technical
assessments, licenses, engineering, and/or training that support or enable energy
efficiency. To be considered by MEA as an eligible cost, an applicant must include in its
application a description of why such a use of grant funding would be necessary or
beneficial to the proposed project.

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 $^{^3\} From\ Maryland\ Department\ of\ Human\ Services: https://dhs.maryland.gov/office-of-home-energy-programs/how-do-you-apply/$

• If an applicant is selected for award, any technical assessments, licenses, engineering, and/or training costs identified to be necessary or beneficial will need to be included in the grant's scope of work to be eligible for reimbursement.

All activities for each project selected for FY22 LMI Program grant funding should be able to be completed by **August 1, 2023,** with all invoices and project reports submitted to MEA no later than **September 1, 2023**.

Types of Energy Efficiency Projects

Proposed energy efficiency projects should fit one of the following categories. A sample Scope of Work is available for all project types.

1. Whole Home/Building Residential Retrofits: A whole home/whole building upgrade consists of performing a Building Performance Institute⁴ (BPI) energy audit on the residential home or building, and then installing cost-effective energy efficiency and weatherization measures. For residentially-metered buildings, applicants should develop projects whose energy conservation measures (ECMs), in aggregate, have a simple payback that is 15 years or less. Examples of possible energy efficiency measures include, but are not limited to, LED light bulbs, ENERGY STAR® qualified appliance upgrades, insulation improvements, air sealing, etc. For more information, please see the Whole Home Sample Scope of Work document.

New in FY22- In addition to the project description above, the FY22 Program now allows for comprehensive mechanical upgrades and weatherization services that involve some limited fuel switching. Possible allowable upgrades now include the cost-effective conversion of propane or heating oil fueled appliances to high efficiency electric technologies. Projects in this category must have a simple payback of 15 years or less, and result in decreased overall household energy usage. In some cases, projects can also upgrade the electric service of the dwelling to a level that accommodates the cost effective, energy efficient technologies being added.

- 2. Whole Building Commercial Retrofits: Like the residential retrofits noted above, an energy audit on a commercial building is first performed, followed by the installation of cost-effective energy efficiency and weatherization measures to achieve an aggregate simple payback of 20 years or less, based on the energy audit results. Examples of possible energy measures include LED light bulbs, control upgrades, insulation improvements, air sealing, etc. See the Whole Building Commercial Retrofit Sample Scope of Work for more details.
- **3.** New Construction with Incremental Efficiency Upgrades: To be eligible, a new construction project must be designed to improve efficiency to above the levels required

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⁴ https://www.bpihomeowner.org/home-energy-audit

by the most current version of the energy code in effect in Maryland. Additionally, only the incremental purchase cost of upgrading to a higher level of energy efficiency is reimbursable under the Program. See the <u>New Construction Sample Scope of Work</u> for more details.

4. Limited Upgrades to Existing Commercial/Residential Buildings: This type of project on an existing building/home does not require an energy audit, but rather seeks to make limited cost-effective upgrades to improve the performance and efficiency of the home/building. For Limited Upgrades to Existing Commercial/Residential Buildings, when a single energy efficiency measure is proposed, the individual measure should have a simple payback that is less than the anticipated equipment life. Where applicable, MEA will use the Northeast Energy Efficiency Partnership (NEEP) Mid-Atlantic Technical Reference Manual (TRM)⁵ resource to determine anticipated equipment life.

Examples of possible limited upgrades include but are not limited to:

- HVAC replacement- Projects under this category may implement standalone HVAC replacements, if it can be demonstrated that weatherization has already been done within the past five (5) years.
- Lighting upgrades- Projects under this category may implement standalone lighting upgrades in commercial or residential buildings. The application should include a lighting schedule of the current wattage and types of lighting and the proposed upgrade type and wattage.
- Energy kits- Measures included in energy kits must provide cost effective energy savings without the need of an energy audit. Examples of energy kits could include installation of LED light bulbs, low-flow shower heads, smart power strips, etc.

Note: While energy audits may not be required under the limited upgrades category, applicants must still adhere to relevant safety testing protocols per the relevant industry standards (i.e., BPI combustion safety), if applicable, as required based on the energy measures being considered for implementation.

See <u>Limited Upgrades to Existing Commercial/Residential Buildings Sample Scope of Work</u>

Maximum Costs per Home/Project

Maximum reimbursement caps for individual homes, or residential units, can be found below in sections 7, 8, and 9 of the Funding Provisions, Requirement, and Restrictions section.

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https://neep.org/sites/default/files/resources/Mid_Atlantic_TRM_V9_Final_clean_wUpdateSummary%20-%20CT%20FORMAT.pdf

Each proposed project should include cost-effective energy efficiency upgrades that serve low-to-moderate income Marylanders, based on the simple payback requirements outlined above. Simple payback is the time, in years, it will take to recover the initial investment in an efficiency measure through energy cost savings. The formula for simple payback is the total cost of the project divided by the anticipated annual energy savings, in dollars per year.

Note: When calculating the simple payback for a project, applicants should include all cost and savings associated with the installed energy measures. For leveraged or matching funds, costs associated with non-energy measures (e.g., administrative or indirect costs, leveraged funds, etc.) that do not result in energy savings should not be used in estimating the simple payback. For the purposes of this grant program, applicants should calculate simple payback as follows:

Simple Payback Calculation

$$\frac{\textit{Total Project Cost (\$)}}{\textit{Total Energy Savings (kWh or therms)}} = \textit{Simple Payback (Years)}$$

Indirect Costs

A grantee may request reimbursement for indirect costs; however, please note that the total grant award amount will be all-inclusive to include any indirect costs. **The total amount of funding requested should reflect the indirect costs that the applicant anticipates requesting for reimbursement.** MEA will use the same definition of indirect costs provided in the federal Electronic Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200.1.⁶ In summary, indirect costs refer to facility and administrative costs that are "incurred for a common or joint purpose benefitting more than one cost objective."

A grantee that is tax exempt under § 501(c)(3), (4), or (6) of the Internal Revenue Code who has negotiated and received an indirect cost rate under a direct federal award, or from a non-federal entity based on the cost principles in Subpart E of OMB Uniform Guidance, will be allowed reimbursement of indirect costs as outlined in §2-208(b)(1) of the State Finance and Procurement Article. Documentation of the negotiated indirect rate must be provided to MEA upon request. Indirect costs reimbursement for any other non-profit organization applicant without a negotiated indirect rate, or a local government grantee will be capped at a maximum of 10% of the grant award.

Incidental Repairs

• For projects involving whole home/building energy retrofits, health and safety repairs that enable or support energy efficiency upgrades are capped at \$1,500 per home.

⁶ https://www.ecfr.gov/cgibin/retrieveECFR?gp=&SID=&mc=true&n=pt2.1.200&r=PART&ty=HTML#se2.1.200_11.

• For commercial buildings in which kitchen and bath facilities are shared among multiple residents, health and safety repairs that enable or support energy efficiency upgrades are capped at \$5,000 per building, after first receiving approval from MEA.

For the purposes of this Program, MEA defines a home as "a residential unit that operates with independent systems, including its own HVAC system and kitchen and bath facilities." The cost of the health and safety repairs must be included in the maximum budget per home.

To be eligible for LMI Program funding, health and safety repairs must fall into one of these four categories:

- 1. **Measures that enable the installation of an energy efficiency measure**, i.e., the repairs are a prerequisite to the successful installation of the measure. For example, repairing a hole in a roof that must be patched before installing insulation in the attic would qualify. Items such as repairing a broken step in a stairwell would not qualify as this repair has no connection to an energy efficiency measure being installed.
- 2. Measures to install carbon monoxide (CO) monitors for homes with combustion appliances and/or an attached garage.
- 3. Measures to correct combustion appliance zone (CAZ) problems.
- 4. **Measures to install required mechanical ventilation measures**, such as the installation of bathroom ventilation fans and controls and kitchen ventilation fans/hoods vented to the outdoors.

A grantee can pursue other sources of funding for health and safety repairs if the cost of those repairs exceeds the allowable reimbursable amount from MEA, or the repairs are not eligible for reimbursement under the program.

Evaluation Criteria: MEA LMI Energy Efficiency Program grants are competitively awarded for energy efficiency projects that generate significant energy savings and pass on the benefits of the savings to Maryland's LMI residents. All submitted complete applications will be evaluated based on the review criteria established by the MEA LMI Program and outlined below.

For each region, the MEA review team will evaluate applications using the following evaluation criteria, listed in order of importance.

1. **Annual energy savings per dollar of MEA investment**. MEA is looking for projects that maximize potential energy savings. If an applicant will be accessing leveraged or matching funds, only the funds associated with energy efficiency measures will be used to evaluate this criterion. MEA will rank projects that

- maximize the anticipated energy savings per dollar of MEA investment more favorably than those that do not under this criterion.
- 2. Accuracy of energy savings and cost information for the project: The assumptions and methodology behind an applicant's energy and associated cost savings estimates should be clearly and concisely explained. Questions that an applicant should ask while formulating these estimates include:
 - How accurate are the estimates?
 - Are assumptions behind the numbers clearly stated in a manner allowing the review team to evaluate the project?
- 3. **Project Feasibility and Scope**: Projects must be feasible in scope while also falling within the Eligible Activities section of this FOA. An applicant should ensure the project application presents a clear, detailed description of project feasibility as part of the project's description.
- 4. **Impact on Maryland's low-to-moderate income residents**. MEA is looking for projects that maximize the number of low-to-moderate income residents that can be served with Program grant funding. Direct and indirect benefits that will accrue to LMI Marylanders as a result of implementing the proposed project should be clearly explained and defensible.
- 5. Applicant's past performance complying with LMI program requirements and participating in other State programs, if applicable. With regard to any past LMI grants awarded to an applicant, MEA will consider the execution of past projects under an MEA award (including the proposed number of home upgrades compared to the actual number of completed upgrades), expended award amounts, any extensions necessary to complete a project(s), accuracy and timeliness of reporting, the past project's ability to achieve economies of scale, the final simple payback of the past project(s), and the results of compliance monitoring (if applicable).
- 6. Applicant's willingness and ability to deliver energy upgrades to households that are not eligible for assistance through other channels. MEA is looking for applications that propose methods to target households unable to access other state energy efficiency programs, such as the Department of Housing and Community Development's Weatherization Assistance Program (WAP)⁷ and Maryland Limited Income Energy Efficiency Program (LIEPP)⁸.
- 7. Method of delivery of energy products and services and whether the proposed method will provide the best value to the State of Maryland. MEA is looking for

8 https://dhcd.maryland.gov/Residents/Pages/lieep/default.aspx

⁷ https://dhcd.maryland.gov/Residents/Pages/wap/Default.aspx

projects that implement industry best practices and successful cost-effective energy conservation measures.

8. **Location:** The State gives priority to projects occurring in Priority Funding Areas⁹. According to the Maryland Department of Planning (MDP), <u>Priority Funding Areas¹⁰</u> are existing communities and places where local governments want State investment to support future growth.

In addition, MEA reserves the right to factor in geographic diversity when evaluating grant applications.

Review Process: The MEA LMI Grant Program is a competitive program, which means that all applications will be reviewed against each other in each individual region using the review criteria described above. All applications that are submitted to and received by MEA are reviewed in entirety by all members of the LMI Grant Review Team. Once initial application reviews are completed, the grant review team will meet to come to a consensus on which projects are recommended for funding based on this discussion of initial individual findings.

Partial or Scaling of Awards: Partial awards are possible under the Program. Awards may be scaled either up or down in situations where there are requests for more funds than are available, or where funds available for a specific region are not depleted. For the purposes of the LMI Program, "scaling a project" means increasing or decreasing the number of homes, buildings, or weatherization/energy efficiency measures to be carried out as part of a project awarded a grant under the program.

The process for awarding, and criteria for determining the amount of, partial grant awards (i.e., an award at an amount less than the applicant's original funding request), are as follows:

- The Review Team will determine which application proposals are recommended for awards in a specific region based on the review criteria described in the Evaluation Criteria section. Then, the decision to issue a partial award will consist of the following criteria:
 - 1. Whether the application proposal is scalable;
 - 2. Whether applicant has been recommended for awards in other regions;
 - 3. Project size and requested award amount of applicant's proposal;
 - 4. Whether the project is feasible at a lower or higher amount; and,
 - 5. Any possible impact on energy efficiency workforce development.

10 https://planning.maryland.gov/Pages/OurProducts/pfamap.aspx

⁹ A map of Priority Funding Areas, including a search by address feature, can be found on the MDP website at http://data.imap.maryland.gov/datasets/maryland-priority-funding-areas.

Required Application Documents: Each applicant for the FY22 Program is required to submit the following:

- 1. Complete and accurate FY22 Low-to-Moderate Income Grant Program
 Application. A blank copy of this application form is available on the MEA LMI Energy
 Efficiency Grant Program website. 11 If an entity is applying for more than one region, an application will need to be submitted for each region.
- 2. **Energy Savings Estimate Supporting Documentation:** Applicants are also required to submit supporting documentation for the energy savings estimates claimed in their application. Applicants may choose to submit either:
 - a. A completed energy audit or sample energy audit completed on a home/building similar to the homes/buildings described in the project description.

Or

b. A completed "FY22 Savings Estimates and Assumptions Worksheet". This worksheet is available on the <u>MEA LMI Energy Efficiency Grant Program</u> website.

Or

c. Other supporting documentation that meets the requirements outlined in Section III of the FY22 LMI Grant Program Application Form.

Note: An applicant should only submit an audit, worksheet or other supporting documentation based on a sample home/building. An applicant proposing multiple homes/buildings can use the sample of one home/building to scale their estimates based on the number of homes/buildings in the proposed project.

- 3. A complete, current, and accurate copy of the applicant's IRS Form W9.
- 4. Supporting documentation for awarded, or applied for, utility and non-utility funding programs. Examples include but are not limited to award letters, award agreements, and memorandums of understanding (MOUs).
- 5. *For Non-Profits Only*: Proof of incorporation and non-profit status of the applicant organization

Submission Instructions: MEA is encouraging the use of electronic applications to streamline processing and reduce environmental impacts. If you cannot apply electronically, please contact

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¹¹ https://energy.marvland.gov/govt/Pages/CleanEnergyLMI.aspx

MEA at 410-537-4068 no later than ten (10) business days prior to the grant deadline to determine an alternative method to submit an MEA LMI application. Applications must be submitted no later than **Monday**, **November 1**, **2021 by 11:59 P.M**. Eastern Daylight Time. Unless an applicant has contacted MEA regarding an alternative method, applications must be submitted electronically to MEA's LMI Program technical assistance contractor at MEALMI@newportpartnersllc.com.

Guidance for Submission

- 1. Unless the Applicant has contacted MEA regarding an alternative application method, email application and all supporting documents to MEALMI@newportpartnersllc.com.
- 2. Each file should be saved in PDF or DOCX format, and be less than 10 MB in size. Any file more than 10 MB may not be reliably delivered.
- 3. Please include the name of the applicable region in the email's subject line, followed by the applicant organization's name (for example: "Western Region Bright Start Foundation").
- 4. If an application is submitted in parts, please number each email submission (i.e., Part 1 of 3, Part 2 of 3, etc.) so that MEA can verify that the entire application is received.
- 5. Please be sure to not include any personally identifiable information (PII) in the application. Examples of PII include homeowner names, social security numbers, and phone numbers.

You will receive an email from MEA's Technical Assistance Team confirming receipt of your application. If you do not receive an email confirming your submission within one (1) business day of submission, it is your responsibility as an applicant to contact Sam Bowles (sbowles@newportventures.net) to ensure that your application was successfully sent from your organization's email system and received by the LMI team.

Funding Provisions, Requirement, and Restrictions: MEA grant programs are covered by general requirements that will be made part of the grant agreement between MEA and a grantee. A copy of the current <u>General Provisions document</u> is available on MEA's website; these General Provisions will be incorporated into each FY22 grant agreement issued by MEA.¹²

In addition to the general provisions, the following provisions, requirements, and restrictions apply to this program:

 All projects funded through the Program must comply with the relevant provisions of the current version of the International Energy Conservation Code being enforced in Maryland.

1800 Washington Boulevard, Baltimore, MD 21230 | Phone: 410-537-4000 | Fax: 410-537-4096 www.Energy.Maryland.gov

 $^{^{\}rm 12}$ https://energy.maryland.gov/SiteAssets/Pages/all-incentives/Grant%20Agreement%20General%20Provisions.v.2.pdf

- 2. All work must be completed by contractors and/or staff holding all necessary certifications and licenses to work in Maryland. Permits shall be timely obtained, when required. Additionally, all work performed pursuant to the Grant shall comply with all applicable local, State, and federal building codes and other applicable requirements.
- 3. MEA will consider fuel switching as an energy efficiency measure if it can be shown to be cost effective and to result in a net reduction in overall energy usage or emissions reduction.
- 4. MEA encourages all applicants to focus on residential households that are ineligible for assistance through the <u>Weatherization Assistance Program¹³</u> (WAP) or the <u>EmPOWER Maryland Limited Income Energy Efficiency Program¹⁴</u> (LIEEP) run by the Department of Housing and Community Development (DHCD) whenever and wherever possible.
- 5. Low-income residents cannot be charged for participation in any program that receives Strategic Energy Investment Fund (SEIF) funding. This prohibition against charging for low-income participation applies to any project receiving grant funds through the Program.
- 6. Renewable energy technologies are not eligible to receive funding from the LMI Energy Efficiency Grant Program. See the MEA website for information on programs that provide commercial and residential renewable energy incentives.
 - o For those who wish to pursue renewable energy photovoltaic (solar) panels on low-income homes, see the MEA <u>Low-Income Solar Grant Program Application</u> and Instructions to learn eligibility for projects implemented by nonprofit organizations and local governments that provide solar renewable energy generation on low income Maryland homes. This is a separate application from the MEA LMI Energy Efficiency Grant Program.
- 7. For Whole Home/Building Residential Retrofit projects not involving an HVAC upgrade, no more than \$7,000 per home energy retrofit is reimbursable under the Program. For home energy retrofits incorporating an HVAC upgrade, the maximum reimbursable cost per home under the Program for a home energy retrofit with HVAC is \$12,000. All health and safety costs, which are capped at up to \$1500 per home, are included in the overall cost and count towards the reimbursable MEA limits. HVAC upgrades are only allowed in homes that have been weatherized within the past five years and can provide proof of weatherization; or propose weatherization as part of the project.
 - o For allowable fuel switching projects (i.e., fuel oil to electric, propane to electric), up to an additional \$3,000 is available above the cost of the energy efficiency retrofit exclusively for non-health and safety upgrades to a dwelling's electrical service that are needed to accommodate the energy efficiency improvements

14 https://dhcd.maryland.gov/Residents/Pages/lieep/default.aspx

¹³ https://dhcd.maryland.gov/Residents/Pages/wap/Default.aspx

being made. If electrical panel upgrades are being made, the panel should be sized to accommodate the potential for future EV charging capacity.

- 8. For <u>appliance replacements</u> in existing homes or buildings, only ENERGY STAR® qualified appliances qualify under the Program.
 - Refrigerator replacements: The maximum reimbursable cost per ENERGY STAR® qualified refrigerator is \$1,000 under the Program.
 - Water heater replacements: ENERGY STAR® qualified heat pump water heaters and ENERGY STAR® natural gas water heater replacements are eligible under the Program.
- 9. Chapter 757 of the 2019 Acts of the General Assembly of Maryland includes a provision referencing the American Manufactured Goods provisions, which are codified at §§ 14-416 and 17-303 of the State Finance and Procurement Article. An applicant that is a government entity will be required to attest to its compliance with Sections 14-416 and 17-303 of the State Finance and Procurement Article (as applicable). Applicants affected by those provisions should take them into account when developing FY22 applications to SEIF-funded programs.
- 10. Effective October 1, 2019, Chapter 757 of the 2019 Acts of the General Assembly of Maryland requires at least 80% of workers participating in a SEIF-funded project or program to reside within 50 miles of the project or program. As the SEIF funds a statewide program, MEA will determine compliance based on whether at least 80% of workers participating in a SEIF-funded project reside in Maryland, or within 50 miles of Maryland's borders. Applicants should take this requirement into account when developing FY22 applications to the Program. FY22 SEIF-funded grant agreements will contain a section outlining this requirement.
- 11. If insufficient eligible applications are received in a region, funding may be reallocated to eligible projects in other regions.

Questions can be directed to Dean Fisher, <u>dean.fisher@maryland.gov</u>, (410) 537-4068, or Sam Bowles, <u>sbowles@newportventures.net</u>, 301-889-0017

Please direct any questions about the Low-Income Solar Grant Program by email to MEA Energy Program Manager Abigail Antonini, <u>abigail.antonini@maryland.gov</u> or by phone at 410 537-4063.